Dear Chair Nichols and Members of the Air Resources Board,

The UCLA Luskin Center for Innovation greatly appreciates the opportunity to provide feedback regarding the "Draft Cap-and-Trade Auction Proceeds Second Investment Plan: Fiscal Year 2016-2017 through 2018-2019". Thank you for taking the time to review our comments.

The UCLA Luskin Center for Innovation is a research center housed in the UCLA Luskin School of Public Affairs. We focus on environmental policy issues and have expertise in both planning and policy. We have been collaborating with the Liberty Hill Foundation and the Coalition for Clean Air to serve as a resource for the SB 535 Coalition to inform local community-based organizations (CBOs) about Cap-and-Trade and GGRF investments. Our Center recently released a report, "A Guide to Greenhouse Gas Reduction Fund Program Designs, Expenditures, and Benefits" which is a useful tool for navigating the complex set of programs and guidelines that make up the GGRF. This report is available on the Luskin Center website at: http://innovation.luskin.ucla.edu/content/guide-greenhouse-gas-reduction-fund-program-designs-expenditures-and-benefits-disadvantaged-. We will be publishing another report in the near future assessing the benefits of the Cap-and-Trade program on low-income Californians.

Initially, there are two points in particular that we would like to bring to the attention of the Air Resources Board (ARB) and other agencies:

ARB guidance on methodologies to estimate co-benefits

We acknowledge and greatly appreciate ARB's and other key agencies' ongoing commitment to quantifying the co-benefits associated with the climate investment funds. However, we believe there needs to be a greater discussion of this topic. The GGRF presents an historic opportunity to make investments that help the State reach its GHG reduction goals while also providing local co-benefits. However, we need to ensure that these measures to maximize GHG reductions do not present negative trade-offs by compromising the public health, environmental and economic co-benefits. We suggest that ARB, as the agency responsible for developing the funding guidelines and the guidance for GHG quantification methodologies, identify a set of methods for measuring co-benefits, such as improving public health and creating new jobs. The Luskin Center, or another 3rd party, could support ARB's efforts to provide guidance on acceptable methods for estimating co-benefits. This in turn would support the development of tools that could help applicants estimate the magnitude of co-benefits associated with their projects. Creating a tracking mechanism and performance metrics is critical to reaching the goals articulated in the enabling statutes. We need a way to measure in order to track our success and to identify areas which need improvement.

Evaluation of displacement mitigation strategies

We are glad to see the proposed Second Investment Plan contains language to address potential displacement pressures associated with sustainable community projects for low-income TODs. But we also acknowledge the need for more research to evaluate the effectiveness of various displacement mitigation strategies. Potential unintended consequences of these strategies are currently not well understood. To ensure that low-income households benefit from this type of development, we recommend that the ARB fund research with the goal of gaining a better understanding of these potential issues.

We would also like to provide some specific recommendations for the upcoming triennial funding plan (more details can be found in the report linked above).

Urban and Community Forestry program: As the state invests more GGRF dollars in the Urban and Community Forestry program, it is critical that CAL FIRE have adequate funding for the staff and resources to provide appropriate technical assistance to applicants.

- To improve outreach and communication, we recommend CAL FIRE establish a List Serve so interested parties can sign-up to receive email updates about important information, including changes to the Urban and Community Forestry programs, upcoming workshops, revised guidelines, applications for grant funding, deadlines for submitting applications, and other notices. In the 2014-15 grant cycle, CAL FIRE did not offer a List Serve, unlike other agencies that oversee programs funded by the Greenhouse Gas Reduction Fund.
- The staff of the Urban Forestry program should be expanded so CAL FIRE can offer grants of less than $150,000 to communities and nonprofit organizations. In the 2014-15 funding cycle, the grants awarded were large - from $150,000 to $1 million.
- While we recommend all programs funded by the GGRF should provide technical assistance to applicants and interested parties, it is especially critical for the Urban and Community Forestry program due to the high proportion of funding to disadvantaged communities.

Affordable Housing and Sustainable Communities program: To reduce GHG emissions it is important that the AHSC program reduce the amount of parking in TOD projects to ensure that residents actually use transit rather than driving to their destination.

- In the first year of the AHSC program, all of the programs that received grants had already been entitled by local governments. In future years, it is critical that the program is redesigned to encourage innovation in the design of TODs rather than simply providing funding for already approved projects.

Zero Emission Car and Truck programs: To get gross-emitting, gas-guzzling older vehicles off the road, we recommend ARB and its partners work actively to reach households in disadvantaged communities. Community-based organizations and ethnic media do not have an official role in the State's outreach plans, but could be of significant value to reach that target audience.

- It will be important to track rebates issued in disadvantaged communities.
- We recommend ARB and other state agencies make it a priority to ensure that electric vehicle charging infrastructure is available in disadvantaged communities.
- Innovation is essential if California is to cut GHG emissions to 40 percent below 1990 levels by 2030. A steadfast commitment to benefit disadvantaged communities will be necessary as the State makes larger investments in zero emission vehicles.

Thank you again for the opportunity to comment on the Draft Second Investment Plan. For further discussion or questions, please do not hesitate to contact us at the Luskin Center. We welcome the opportunity to provide guidance and assistance to ensure that the State achieves ambitious GHG reduction goals while also maximizing co-benefits to disadvantaged communities.

Sincerely,

J.R. DeShazo
Director, UCLA Luskin Center for Innovation